

A G E N D A



Recommendation for Council Action

Austin City Council		Item ID	72611	Agenda Number	3.
Meeting Date:	8/3/2017		Department:	Austin Water Utility	
Subject					
Authorize negotiation and execution of a financing agreement with the Texas Water Development Board (TWDB) for a 20-year low interest loan in the amount of \$45,175,000 through TWDB's State Water Implementation Fund for Texas loan program, for the implementation of multiple capital improvement projects associated with Austin Water's wastewater and reclaimed water systems.					
Amount and Source of Funding					
The option for funding \$65,605,000 and \$80,195,000 commitment is included in the Proposed Fiscal Year 2017-2018 Capital Budget Appropriation and included in the Fiscal Year 2018-22 Capital Improvement Spending Plan for Austin Water. The option for funding \$45,175,000 loan is included in the Proposed Fiscal Year 2017-2018 Operating Budget.					
Fiscal Note					
A fiscal note is attached.					
Purchasing Language:					
Prior Council Action:	January 28, 2016 – Council approved a construction contract with Matous Construction LTD for the rehabilitation and expansion of the tertiary filtration system at South Austin Regional Wastewater Treatment Plant (WWTP). April 21, 2016 – Council approved a resolution authorizing the City Manager to apply for funding from the Texas Water Development Board (TWDB) for a low interest multi-year loan for multiple reclaimed water projects. August 18, 2016 – Council approved a financing agreement with TWDB for a 20-year SWIFT loan totaling \$20,430,000. January 26, 2017 – Council approved a construction contract with Excel Construction Services, LLC for the Montopolis Reclaimed Water Storage Reservoir and Pump Station. January 26, 2017 – Council approved a construction contract with Pepper-Lawson Waterworks, LLC for the rehabilitation of the tertiary filtration system at the Walnut Creek Wastewater Treatment Plant.				
For More Information:	Charles Celauro, 512-972-0208; Dan Pedersen, 512-972-0074; Joseph Gonzales, 512-972-0131; Denise Avery, 512-972-0104				
Council Committee, Boards and Commission Action:	July 12, 2017- Recommended by the Water and Wastewater Commission on an 9-0 vote with Commissioner Blanding recusing because her husband works for Cisco Systems and will, through a reseller, be interested in competing for various components to AMI, which will be paid for through SWIFT loans, while this item did not specifically mention AMI, it was discussed at the meeting..				
MBE / WBE:					

Related Items:

Additional Backup Information

On July 21, 2016 the Texas Water Development Board (TWDB) approved the City of Austin's application for a low interest, multi-year loan in the amount of \$86,980,000 through the State Water Implementation Fund for Texas (SWIFT) for the implementation of multiple capital improvement projects associated with Austin Water's wastewater and reclaimed water systems. On August 18, 2016, Council authorized Austin Water to negotiate and execute an initial financing agreement with TWDB for a 20-year loan totaling \$20,430,000. Those initial loan funds are being used for the rehabilitation and expansion of the tertiary filtration system at the South Austin Regional Wastewater Treatment Plant, to improve effluent quality and increase capacity to 72 million gallons per day (MGD). This plant is located in District 2 but, the project serves the entire southern portion of the City.

Austin Water is now requesting approval to negotiate and execute a second SWIFT financing agreement with TWDB (for a 20-year loan totaling \$45,175,000) for the following projects:

- Continue rehabilitation and expansion of the tertiary filtration system at South Austin Regional (SAR) WWTP
- Rehabilitation of the tertiary filtration system at Walnut Creek WWTP to improve effluent quality, increase reliability, and improve capacity to 75 MGD (plant located in District 1 but project serves the entire northern portion of the City)
- Construction of a 4 million gallon above ground storage tank and pump station for the reclaimed water system in the Montopolis area (Districts 2, 3, 5 & 9)

These projects are included in the Austin Water's Council-approved 5-year CIP plan. The construction contract for the tertiary filter project for the South Austin Regional WWTP was already awarded by Council on January 28, 2016. Both construction contracts for the Walnut Creek WWTP and Montopolis Reclaimed Water Storage Reservoir and Pump Station were awarded by Council on January 26, 2017.

This financing agreement is for an initial \$45,175,000 loan installment for a 20 year term of the new total commitments of \$65,605,000 and \$80,195,000. It will cover Austin Water's FY 2017-2018 CIP spending plan costs, as outlined in the chart below. This financing agreement does not obligate the City of Austin to close on additional loan installments with TWDB in future years. Future loan installments will require Council approval to negotiate separate financing agreements. The closing on this initial loan is anticipated to occur in November 2017. The City will receive a 35% reduction on the interest rates that TWDB obtains during their fall 2017 bond sale, based on their AAA bond rating. These reduced interest rates will save ratepayers financing costs for the funding of this project as compared to traditional bond financing.

TWDB SWIFT Loan □ Austin Reclaimed Water Projects and Wastewater Plant Filtration Improvements

Project Name	2 nd SWIFT Financing Amount	Total Project Budget	Project Status	Estimated Project Completion Date
South Austin Regional Wastewater Treatment Plant – Tertiary Filtration	\$3,340,000	\$23,770,000	Under Construction	2018
Walnut Creek Wastewater Treatment Plant – Tertiary Filtration	\$29,210,000	\$29,210,000	Under Construction	2020
Montopolis Reclaimed Tank and Pump Station	\$12,625,000	\$12,625,000	Under Construction	2018
Totals	\$45,175,000	\$65,605,000		

